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Financial implication of the recommendation for the reduction of assessment on land and separation of water-tax from land-tax.

* 94 *Q.*—Sri Rao Bahadur M. RAMAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) whether the attention of the Government has been drawn to the article headed "Co-operative Credit—Causes of Failure in Rural Areas" published in the *Hindu* of 23rd July 1938; and

(*b*) if so, whether the Government will state the result of the verification of the figures contained therein, in regard to the margin of the income from land and place on the table of the House, a statement showing the financial implication of the suggestion of the Indian Taxation Enquiry Committee regarding the reduction of the assessment on land to 25 per cent of its income and the separation of water-tax from land-tax?

The Hon. Sri T. PRAKASAM:—"(*a*) The answer is in the affirmative.

"(*b*) It was found on verification that the figure given in the article as representing the highest price of paddy for the last seven years was not correct, and that the figure for cultivation expenses was vitiated by the fact that the items usually defrayed in grain had been commuted into money at the commutation price of paddy calculated at the resettlement, which was much higher than the current prices at which the yield was valued. The financial implications of the suggestions of the Indian Taxation Enquiry Committee referred to have not been worked out."

Rate of interest at which Government borrow and lend money.

* 95 *Q.*—Sri Rao Bahadur M. RAMAN: Will the Hon. the Prime Minister be pleased to state what the rate of interest is at which Government have borrowed money for the purpose of lending it to ryots and what the rate is at which they are lending it to them?

The Hon. Sri C. RAJAGOPALACHARIAR:—"Government does not borrow money separately for the purpose of lending it to ryots. The requirements of the Government for all purposes are estimated and a loan is raised for the amount required.

"The effective rate of interest that the Government have to pay on the 15 years open market loan raised by them in 1937 is 3·12 per cent, and the corresponding rate for the similar loan raised in the current year is about 3·16 per cent.

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"The rates of interest charged by the Government on loans to ryots are as follows:—

Loans under the Land Improvement Loans Act and the Agriculturists' Loans Act, commonly known as Takkavi loans—5½ per cent.

Loans under the Agriculturists' Loans (Madras Amendment) Act, 1935, for the relief of indebtedness—6¼ per cent."

Sri K. P. MALLIKARJUNUDU:—"May I know, Sir, what are the reasons for the difference in the rates the Government are charging for their borrowers and the rate at which they borrow?"

The Hon. Sri C. RAJAGOPALACHARIAR:—"The reasons are that the effective borrowing rate would be higher if the loans are for over 20 or 30 years as some of our loans to the ryots are. The Government loan is for 15 years and those of the ryots are for 20 or 30 years.

"Again, Government do not really make a profit. On the contrary, the working of these loans involves a net charge on the Provincial funds. The actual working of Takkavi system of loans has been examined in detail for a period of 15 consecutive years, and according to the calculations, it was found that to provide for the time and labour spent on the loan-work—apart from the ordinary revenue staff, the cost of additional establishment, all losses on account of the write-offs, suspensions of payment even of interest and payment and re-payment of principal, reduction of rates of interest in special cases—a margin of 4½ per cent between the Government's borrowing rate and lending rate is necessary, if the Government are not to incur any loss in these loan operations."

Sri K. P. MALLIKARJUNUDU:—"May I know what is the position in other Provinces of India?"

The Hon. Sri C. RAJAGOPALACHARIAR:—"In Bombay, I can say that even the present reduced rate is much higher than our rate."

Maintenance of survey marks.

* 96 *Q.*—Sri Rao Bahadur M. RAMAN: Will the Hon. the Minister for Revenue be pleased to state—

(*a*) the result of the experiment that was being done in the maintenance of survey marks;

(*b*) what the present number is of survey marks requiring repair or re-planting and what the number of subdivisions to be measured is in the several districts; and

(*c*) with the staff now employed, how long it will take to complete the work?